Report on the

St. Clair County Commission

St. Clair County, Alabama

October 1, 2010 through September 30, 2011

Filed: April 5, 2013

Department of Examiners of Public Accounts

50 North Ripley Street, Room 3201
P.O. Box 302251
Montgomery, Alabama 36130-2251
Website: www.examiners.alabama.gov

Ronald L. Jones, Chief Examiner

13-072

State of Alabama
Department of
Examiners of Public Accounts
P.O. Box 302251, Montgomery, AL 36130-2251
50 North Ripley Street, Room 3201
Montgomery, Alabama 36104-3833
Telephone (334) 242-9200
FAX (334) 242-1775

Ronald L. Jones
Chief Examiner

Honorable Ronald L. Jones
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Sir:

Under the authority of the ***Code of Alabama 1975***, Section 41-5-21, we submit this report on the results of the audit of the St. Clair County Commission, St. Clair County, Alabama, for the period October 1, 2010 through September 30, 2011.

Respectfully submitted,

BriAnna Upchurch
Examiner of Public Accounts

Amanda Hensley
Examiner of Public Accounts

Sworn to and subscribed before me this the 22nd day of March, 2013.

Notary Public

Sworn to and subscribed before me this the 22nd day of March, 2013.

Notary Public

rb

13-072

Table of Contents

Table of Contents

Table of Contents

Page

Department of

Examiners of Public Accounts

SUMMARY

St. Clair County Commission
October 1, 2010 through September 30, 2011

The St. Clair County Commission (the "Commission") is governed by a five-member body elected by the citizens of St. Clair County. The members and administrative personnel in charge of governance of the Commission are listed in Exhibit 14. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of St. Clair County.

This report presents the results of an audit the objectives of which were to determine whether the financial statements present fairly the financial position and results of financial operations and whether the Commission complied with applicable laws and regulations, including those applicable to its major federal financial assistance programs. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States as well as the requirements of the Department of Examiners of Public Accounts under the authority of the ***Code of Alabama 1975***, Section 41-5-14.

An unqualified opinion was issued on the financial statements, which means that the Commission's financial statements present fairly, in all material respects, its financial position and the results of its operations for the fiscal year ended September 30, 2011.

Tests performed during the audit did not disclose any significant instances of noncompliance with applicable state and local laws and regulations.

The following officials/administrative personnel were invited to an exit conference to discuss the contents of this report: Administrator of the County Commission: Kellie L. Graff; and County Commissioners: Stanley D. Batemon, Jeff Brown, Kenneth L. Crowe, Paul Manning, and James S. Roberts. The following individuals attended the exit conference, held at the offices of the County Commission: Stanley D. Batemon, Commissioner; Kellie L. Graff, Administrator; and representatives of the Department of Examiners of Public Accounts: Brian Wheeler, Audit Manager; BriAnna Upchurch, Examiner of Public Accounts; and Amanda Hensley, Examiner of Public Accounts.

This Page Intentionally Blank

Independent Auditor's Report

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Clair County Commission, as of and for the year ended September 30, 2011, which collectively comprise the basic financial statements of the St. Clair County Commission as listed in the table of contents as Exhibits 1 through 8. These financial statements are the responsibility of the St. Clair County Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Clair County Commission, as of September 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The St. Clair County Commission implemented GASB Statement Number 54, ***Fund Balance Reporting and Governmental Fund Type Definitions***, during the fiscal year ended September 30, 2011. This resulted in a change in the format and method of reporting fund balance in the basic financial statements.

In accordance with ***Government Auditing Standards***, we have also issued our report dated March 12, 2013 on our consideration of the St. Clair County Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** and should be considered in assessing the results of our audit.

The accompanying Management's Discussion and Analysis (MD&A), the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, and the Schedules of Funding Progress (Exhibits 9 through 12), are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Clair County Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 13) as required by U. S. Office of Management and Budget Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ronald L. Jones
Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

March 12, 2013

This Page Intentionally Blank

Management's Discussion and Analysis
(Required Supplementary Information)

St. Clair County Commission
Management's Discussion and Analysis (MD&A)
Fiscal Year Ending September 30, 2011

St. Clair County Commission Management's Discussion and Analysis (MD&A) provides an overview of the County's financial activities for the fiscal year ending September 30, 2011. Please read it in conjunction with the Commission's financial statements and notes to the financial statement, which immediately follow this analysis. The MD&A is part of the reporting model adopted by the Governmental Accounting Standards Board (GASB) Statement Number 34, *Basic Financial Statements-and Management's Discussion and Analysis for State and Local Governments* issued June 1999.

FINANCIAL HIGHLIGHTS

- Total net assets decreased for the 2011 fiscal year by $12,553,514.34. Liabilities increased adding two 2011 G.O. Warrants for $11,850,000 toward building a new hospital in Pell City and $4,000,000 toward the purchase of the old Pell City hospital/medical building property, and increasing cost to other post employment benefits which added $765,285 to liabilities.
- The assets of the Commission exceeded its liabilities at the close of the 2011 fiscal year by $21 million (net assets). A negative ($7.7. million) of unrestricted net assets resulted due to $11,850,000 debt issued to help build a new hospital (lease revenue will be used to make payments on debt) and OPEB (other post employment benefits) increased bringing cumulative total to $2,251,227.00. $174,477.36 is also part of the unrestricted net assets for Sheriff's operations.
- Expenses for governmental activities were $41.4 million for the 2011 fiscal year. This is an increase in expenses from last year by $12,835,458.57. The net costs of program expenses totaled $30,916,948.97. The expenses were offset by general revenues in the amount of $18,363,434.63. This left a negative change in net assets that totaled ($12,553,514.34).
- Total revenues were $28.8 million. This was an increase of $1,149,781.47 from last fiscal year.
- Capital assets (net) increased from last year by $4,395,487.28. The increase is mainly due to the purchase of the old Pell City Hospital/medical building property totaling $4,000,000.00. Other capital outlays purchased for the fiscal year include: construction equipment (compact track loader, spreader, excavator and two motor graders); communication equipment (E911 tower and antenna), Reappraisal Department AS400 server; Operations Center/E911 new server; CSEPP grant funds include two servers, colored printer, two VRS scanners, bar code scanner, eight security systems for schools and three sirens. Vehicles include seven crown vics from General Fund and two new crown vics from Pistol Permit Fund all for sheriff's department; and one van and 6 buses purchased through 5311 Transportation Grant Funds. A video conference system was purchased for district judge through state grant funds.

FINANCIAL STATEMENTS-AN OVERVIEW FOR THE USER

As a result of the implementation of the GASB 34 reporting model, the financial section now consists of: (1) independent auditor's report (2) management's discussion and analysis (3) the basic financial statements and notes, (4) required supplementary information, and (5) other supplementary information.

The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. Below is a brief discussion of the basic financial statements, which distinguishes the differences between the statements.

Government-wide financial statements-The focus of these statements is to provide readers with a broad overview of the Commission's finances as a whole instead of on an individual fund basis, in a manner similar to a private-sector business, indicating both long-term and short-term information about the Commission's overall financial status. It is important to note that all of the activities of the Commission reported in the government-wide financial statements are classified as governmental activities. These activities include the following:

General Government – expenditures for the legislative, judicial and administrative functions of the county, and those not properly included in any other functional category.
Public Safety – expenditures for the protection of persons and property, including the corrections function.
Highways and Roads – expenditures for roadways and walkways, except those in parks which are charged to Culture and Recreation.
Sanitation – expenditures for the removal and disposal of sewage and other forms of waste.
Health – expenditures for the conservation and improvement of public health.
Welfare – expenditures to provide public assistance and institutional care for persons who are economically unable to provide essential needs for themselves.
Culture and Recreation – expenditures for all cultural and recreational facilities and activities maintained for the benefit of county residents and visitors.
Education – consists primarily of payments to the board of education, extension service, or other educational entity.
Debt Service – comprised of repayments of general long-term debt principal, interest, fiscal fees and other charges related to the servicing of long-term debt obligations.
Intergovernmental – consist of transfers of county assets to other governmental units where there is no legal liability to transfer assets.

Government-wide statements report the capitalization of capital assets and depreciation of all exhaustible capital assets and the outstanding balances of long-term debt and other obligations. These statements report all assets and liabilities perpetuated by these activities using the accrual basis of accounting. The accrual basis takes into account all of the Commission's current year revenues and expenses regardless of when received or paid. This approach moves the financial reporting method for governmental entities closer to the financial reporting methods used in the private sector. The government-wide financial statements report on all of the governmental activities of the Commission as a whole.

The Statement of Net Assets (exhibit #1) is most closely related to a balance sheet. It presents information on all of the Commission's assets and liabilities with the difference between the two reported as net assets. The net assets reported in this statement represent the accumulation of changes in net assets for the current fiscal year and prior fiscal years combined. Over time, the increases or decreases in net assets reported in this statement may serve as a useful indicator of whether the financial position of the Commission is improving or not improving.

The Statement of Activities (exhibit #2) is most closely related to an income statement. It presents information showing how the Commission's net assets changed during the current fiscal year only. All of the current year's revenues and expenses are accounted for in this financial statement regardless of when cash is received or paid. This statement shows gross expenses and offsetting program revenues to arrive at net cost information for each major expense function or activity of the Commission. By showing the change in net assets for the year, the reader may be able to determine whether the Commission's financial position has improved or deteriorated over the course of the current year.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission has used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The reporting model still requires the Commission to present financial statements on a fund basis, but with some modifications. The Commission's funds are classified into two categories: governmental funds and fiduciary funds.

Governmental Funds are separated into major funds on the fund financial statements (exhibits #3 and #5). The Commission's major funds are the General Fund (always a major fund), St. Vincent's St. Clair Hospital Fund, Reappraisal Fund, and Ashville Courthouse Renovation Fund. Every fiscal year, the funds are reviewed to see if the fund is still a major fund or if there is a new major fund. These statements account for basically the same governmental activities reported in the government-wide financial statements

Fiduciary Funds – These are funds held by the Commission as a trustee for individuals, organizations, or other governments. The fiduciary funds are in separate statements (exhibits #7 and #8) and focus on net assets and the changes in net assets. These funds are not available to the Commission to finance its operations; therefore, the funds are not included in the government-wide financial statements. The Commission is responsible for ensuring that the assets reported by these funds are used for their intended purposes.

The fund financial statements are still measured on the modified-accrual basis of accounting as reported in previous years; whereas, revenues and expenditures are recorded when they become measurable and available. As a result, the fund financial statements focus more on the near term use and availability of resources. The information provided in these statements is useful in determining the Commission's immediate financial needs. This is in contrast to the accrual-based government-wide financial statements which focus more on overall long-term availability of resources. The relationship between governmental funds reported in the government-wide financial statements and the governmental funds reported in the fund financial statements are reconciled on exhibit #4 and exhibit #6. These reconciliations are useful to readers in understanding the long-term impact of the Commission's short-term financing decisions.

ANALYSIS of the COMMISSION'S OVERALL FINANCIAL POSITION

The following tables are a brief summary of the government-wide financial statements. Net assets can be a useful indicator of a government's overall financial position. The Commission's assets exceeded liabilities by $21 million at September 30, 2011.

Table 1: Statement of Net Assets (Condensed)

	Governmental Activities	
	9/30/2010	9/30/2011
Current and other assets	$33,208,741.21	$32,364,924.35
Capital Assets	34,974,112.16	39,369,599.44
Total Assets	$68,182,853.37	$71,734,523.79
Current and other liabilities	8,757,118.11	8,992,235.40
Long-term liability	25,610,319.85	41,480,387.32
Total Liabilities	$34,367,437.96	$50,472,622.72
Net Assets:		
Invested in Capital Assets, Net of Related Debt	22,742,595.62	26,176,056.72
Restricted	2,696,304.83	2,860,259.33
Unrestricted	8,376,514.96	(7,774,414.98)
Total Net Assets	$33,815,415.41	$21,261,901.07

The Commission had $26.1 million dollars invested in capital assets (net of debt) as of 9/30/2011. Capital assets include land, buildings, furniture and equipment less accumulated depreciation and debt related to the purchase of the assets.

Restricted net assets for the fiscal year 2011 were $2.8 million. Restricted net assets are reported separately to show the legal restraints from debt covenants and legislation that limit the spending of funds for their specific purposes.

The balance for unrestricted net assets resulted in a negative balance this year of ($7,774,414.98) mainly due to increasing long-term liabilities that includes $4,000,000 debt to purchase the old Pell City Hospital/land and Medical Building; issuing new debt of $11,850,000 to help build the new St. Vincent's –St. Clair Hospital in Pell City; and an increase $765,285 for OPEB (Other Post-Employment Benefits). Lease revenue paid by St. Vincent's will be used to pay for the new warrant and interest only will be paid on the old hospital/land purchase until the property is sold. The City of Pell City will help pay the interest payments along with the county General Fund contributing the remaining to the interest payment. Currently, there is no trust account for OPEB. The county budgets each fiscal year (pay as you go) for the cost of employees and retirees. Also, included in net assets as a component unit is the sheriff's funds of $174,477.36. The Sheriff's funds will continue to be combined with the Commission's financial statements in future audits (this was to comply with Governmental Accounting Standards Board).

The 2011 fiscal year ended with positive balances in net assets, which means the Commission, had funds available to cover operations and outstanding debt with resources left over to use for next year.

The results of this fiscal year's operations as a whole are reported in detail in the Statement of Activities (Exhibit #2). Table 2 condenses the results of operations for the fiscal year, so that the reader can easily review total revenues and total expenses for the fiscal year. The summary also shows the impact that operations had on changes in net assets as of September 30, 2011.

Table 2: Statement of Activities (Condensed)

	Governmental Activities	
	9/30/2010	9/30/2011
Revenues		
Program Revenues:		
Charges for services	$4,453,528.02	$4,562,044.82
Operating grants and contributions	6,091,338.80	5,930,395.06
Capital Grants and contributions		5,000.00
General Revenues:		
Local property taxes	8,060,864.11	8,330,003.30
General sales tax	5,963,929.15	6,329,029.67
Other taxes	1,011,321.25	1,021,060.47
Other	2,101,261.11	2,535,822.92
Gain on Sale of Assets	28,850.60	147,518.27
Total Revenues	$27,711,093.04	$28,860,874.51
Expenses		
General Government	$8,219,534.69	$8,648,984.11
Public safety	12,665,368.43	13,064,738.23
Highways and roads	5,621,960.57	5,603,686.89
Sanitation	6,190.32	6,190.32
Health	390,194.58	12,325,496.21
Welfare	57,711.00	90,661.00
Culture and recreation	92,285.91	130,341.29
Education	132,000.00	132,000.00
Intergovernmental	426,663.05	92,098.24
Interest on long-term debt	967,021.73	1,320,192.56
Total Expenses	$28,578,930.28	$41,414,388.85
Increase/(Decrease) in Net Assets	(867,837.24)	(12,553,514.34)
Net Assets - Beginning	34,683,252.65	33,815,415.41
Net Assets - Ending	$33,815,415.41	$21,261,901.07

Total revenues increased from last year by $1,149,781.47 and expenses increased by $12,835,458.57. Total net assets ending 2011 decreased from last year by $12,553,514.34.

The $41.4 million expenses were offset by program revenues. After applying these revenues, the net cost of the programs was $30,916,948.97. In order to cover the additional costs, general revenues generated from property taxes, sales taxes, miscellaneous taxes and miscellaneous revenues applied to the remaining costs. Expenses exceeded revenues by $12,553,514.34 which decreased net assets 9/30/2011.

ANALYSIS OF MAJOR FUNDS

Governmental funds presented individually in St. Clair County Commission's 2011 fund financial statements include four major funds: General Fund (always a major fund) combined with Public Buildings, Roads & Bridges Fund due to a new GASB54 change which combined the two funds under the General Fund for financial presentation, Reappraisal Fund and Ashville Courthouse Renovation Capital Project Fund and St. Vincent's St. Clair Hospital Fund. An analysis is presented below of the balances for each fund.

General Fund – The General Fund is the primary operating fund of the Commission. At the end of the 2011 fiscal year, the General Fund had $8.8 million in fund balance. GASB 54 defines fund balances as restricted, committed, assigned or unassigned. A three year analysis at 40 percent of balances was used to determine if a fund would be combined with the operating General Fund and the Public Building Road & Bridge Fund was under the 40 percent which caused the two funds to be combined. In past audits, Public Building Roads and Bridges had been presented as a separate major fund. Revenue increased overall by 4% for the General Fund and expenditures decreased by 5% from last year. Fund balance available at the end of the year will be used for spending on future operations.

Reappraisal Fund – The Reappraisal Fund is a special revenue fund used to account for the expenditures of special county property taxes for the reappraisal of real property located in the county. Expenditures included salaries and benefits, aerial photography, geographic information system software and maintenance. Each year fund balance is applied to the next fiscal year and revenue is collected only for the amount needed to cover the expenditures budgeted.

Ashville Courthouse Renovation Fund-the Commission borrowed $10,000,000 (2008 General Obligation Warrants) to renovate the Ashville Courthouse and for miscellaneous projects that funds can be used for roads, bridges, water, and sewer improvements. The Ashville Courthouse project will remain as construction-in-progress for the year; however, in September 2012 the court held that retainage should be paid out and settled in the amount of $142,000 (this was paid 11/29/12). The funds remaining will pay the project manager for time in court and water commitment to Coosa Valley Water Authority.

St. Vincent's – St. Clair Hospital – debt was issued by the commission in the amount of $11,850,000.00 to complete the building of the new hospital in Pell City. Lease revenue paid by St. Vincent's Hospital will be used to pay for the debt issued.

Budgetary Highlights of the General Fund

The original 2011 fiscal year budget was adopted on September 28, 2010, and throughout the year budget amendment requests were reviewed by the Commission and County Administrator. The differences between the original budget and the final amended budget changed significantly and can briefly be summarized as follows:

Budgeted expenditures were increased for several items that mainly include the following: $583,530 due to April 2011 tornado damages (federal and state will help in reimbursing costs). The county had to pay actual costs of $460,800.27 up front to later be reimbursed for the storm. Also, the county paid first payment on hospital debt due to lease revenue not beginning until late December in the amount of $291,478.92 and bond issuance costs for hospital debt $37,425 (IRS code did not allow for borrowed funds to pay for debt issue costs to remain tax-exempt status). Other related attorney fees for same debt totaled $19,029.00. Other miscellaneous budget items include project manager's pay for new hospital $18,400 and project manager's pay for Ashville Courthouse for the year $23,736.83; infrastructure for new Jack's Restaurant (City of Moody) $10,000; and purchase of trailer and dock (Gartrell property).

Budgeted revenues increased by $5,000.00 from state funds (legislature) to help with storm shelter at Shoal Creek due to tornado storm.

Capital Assets and Debt Administration

Capital Assets – The Commission's investment in capital assets for governmental activities for the year ending September 30, 2011, amounted to $26.1 million, net of accumulated depreciation, restricted net assets, and debt related to the acquisition of the assets. The table below summarizes the capital assets ending for the fiscal year.

Table 3: Capital Assets (net of accumulated depreciation)

	Governmental Activities	
	2010	2011
Land	$1,800,350.50	$2,608,990.50
Construction in progress	6,486,542.60	7,164,192.92
Buildings and Improvements	11,308,418.78	14,066,764.11
Construction Equipment	1,647,642.49	1,865,998.64
Equipment and Furniture	3,711,252.07	3,740,243.05
Infrastructure	10,019,905.72	9,923,410.22
	34,974,112.16	39,369,599.44

Net capital assets increased by $4,395,487.28 for the 2011 fiscal year mainly due to the old Pell City hospital, medical building and property in a total amount of $4,000,000.00. The Commission expended available resources to acquire $6.4 million in capital asset additions during the year. The details of the purchases of capital assets are summarized at the beginning of this analysis (Financial Highlights).

Long-Term Debt – At the end of 2011 fiscal year, the Commission had $ 41.4 million in general obligation warrants, gas tax warrant and other long-term debt outstanding. This is a 62% increase from last year because of new debt issued for the new St. Vincent's -St. Clair Hospital and the old Pell City hospital/medical building land purchase.

Table 4: Outstanding Long-Term Debt

	Fiscal Year Ending September 30, 2011		
	Beginning Balance	Net Change	Ending Balance
Governmental Activities:			
General Obligation Warrants Series 2008	$9,975,000.00	(30,000.00)	$9,945,000.00
General Obligation Warrants Series 2007A	5,950,000.00	(360,000.00)	5,590,000.00
General Obligation Warrants Series 2006	2,435,000.00	(180,000.00)	2,255,000.00
Gas Tax Resurfacing Warrants Series 2005	2,615,000.00	(225,000.00)	2,390,000.00
General Obligation Warrants 2011 New Hospital	-0-	11,850,000.00	11,850,000.00
General Obligation Warrants 2011 (Old Hospital)	-0-	4,000,000.00	4,000,000.00
Total Warrants Payable	20,975,000.00	15,055,000.00	36,030,000.00
Less: Unamortized Discount 2005	(17,606.15)	1,837.16	(15,768.99)
Less: Unamortized Discount 2008	(1,913.67)	111.48	(1,802.19)
Add: Unamortized Premium 2006	11,336.30	(1,046.28)	10,290.02
Add: Unamortized Premium 2007	21,424.53	(1,810.56)	19,613.97
Add: Unamortized Premium 2011	-0-	215,696.44	215,696.44
Less: Deferred Loss on Refunding 2005	(39,920.53)	9,776.46	(30,144.07)
Less: Deferred Loss on Refunding 2007	(119,815.82)	10,125.24	(109,690.58)
Total Warrants Payable, Net	20,828,504.66	15,289,689.94	36,118,194.60
Other Liabilities:			
Horse Arena Note Payable - 2010	550,325.00	(103,811.85)	446,513.15
Obligation Under Funding Agreement (Honda)	626,655.89	(112,924.07)	513,731.82
Other Post Employment Benefits	1,485,942.00	765,285.00	2,251,227.00
Compensated Absences	2,118,892.30	31,828.45	2,150,720.75
Total other liabilities	4,781,815.19	580,377.53	5,362,192.72
Grand Total long-term debt	$25,610,319.85	$15,870,067.47	$41,480,387.32

Two new general obligation warrants were added to debt for fiscal year 2011. $11,850,000.00 was issued to complete the new St. Vincent's -St. Clair Hospital in Pell City. Lease revenue will be used to secure the debt payments on this issue. $4,000,000 was issued to purchase the old Pell City hospital/medical building and land. Since this issue, it has been agreed in FY2013 between the county and City of Pell City to exchange the old hospital/medical building and land purchase for the Pell City Chamber of Commerce building. Therefore, the debt for $4,000,000 will become Pell City's debt in FY2013. Also, RRR Gas Tax Refunding Warrant retired $225,000.00 toward the principal balance.

The net increase in compensated absences payable in the 2011 fiscal year primarily resulted from increases in employee salaries, benefits and the overall number of employees accruing leave. Also the county does not have a fund set up for post employment benefits; therefore, the liability is reflected on the financial statement for the current balance of $2,251,227.00.

Significant financial facts, decisions or conditions

The following facts and economic factors are currently known as St. Clair County moves through its current fiscal year and begins preparations for Fiscal Year 2013:

As the nationwide economy continued to hover “in the red”, St. Clair County saw an approximate 7-percent increase in sales tax revenues for FY2011-2012 – the first significant increase in more than 3 years. On the other hand, ad valorem tax revenue again remained predictably flat and budget estimates for FY2013 will reflect that trend as well. On a positive note for ad valorem, two significant abatements will draw to an end during FY13 and an increase to ad valorem revenues is expected as a result.

In FY11, St. Clair County closed out several major projects. The County exited the Leeds/Moody Co-Operative District in mid-year and withdrew from the Co-Operative District Board of Directors. The action by the Commission relieved the County of all responsibility and indebtedness to the Co-Operative District project which included the development agreement which constructed the Bass Pro Shops in Leeds, Alabama.

The second major project was the construction of a new hospital facility in Pell City – St. Vincent’s St. Clair. The public/private venture between St. Vincent’s/Ascension Health, St. Clair County, and the City of Pell City brought more than 100 new jobs to the area when the facility opened its doors in December 2011. Lease payments on the new facility paid by St. Vincent’s Health System are now remitted directly to St. Clair County and applied toward the indebtedness incurred to fulfill the County’s commitment to the development agreement.

The $4 million General Obligation Warrant with interest only payments that was used to purchase the old hospital facility and property will be satisfied and paid in full by the end of February 2013 as the City of Pell City has agreed to purchase the property as a whole from the County.
The Col. Robert L. Howard State Veterans’ Home opened its doors Oct. 28, 2012. The facility is located across the street from the new St. Vincent’s St. Clair Hospital and adjacent to Jefferson State Community College. Together the medical complex has created approximately 400 jobs in and around St. Clair County.

The Coosa Valley Water Supply District’s surface water treatment facility also came online in late 2011. As a 25% partner, St. Clair County is purchasing water from the district at a cost of $477,638.08 for 2012-2013. The cost is expected to increase each year according to the rise in the principal payment on debt and increased operational costs of the facility. Actions are underway to further resell this water to other water supply districts with many showing serious interest in further partnering in this project.

Economic development is still a focus for the County Commission in FY13. The Commission partnered with the City of Pell City in granting sales tax rebates to revitalize vacated retail building space on U.S. 231. The County and City recently welcomed a Goody’s clothing store and Burke’s Outlet to the space left vacant with the closing of Food World Grocery.

The County also worked with the Town of Riverside to acquire property along U.S. 78 to facilitate the moving and opening of NuFab Rebar within the town limits of Riverside. The County and the City of Moody have recently inked development deals to bring Love's Travel Centers and a Vallero Truckstop to Moody. Both stations are positioned at a key interchange along Interstate 20.

The multi-million dollar federal Chemical Stockpile Emergency Preparedness Program (CSEPP) also drew to a close in FY12. The County closed all grants received through this program and disposed of or reassigned numerous inventory and capital asset items as a result of this closeout. This program also funded much of the county's Emergency Management Agency program, and with its end the county General Fund will be required to fund approximately $150,000 to continue this necessary program into FY13.

On April 27, 2011, St. Clair County, along with many other counties across Alabama, was raked over by numerous tornados that left behind a swath of destruction that claimed 15 lives and did millions in damage. The County is still awaiting full reimbursement from the Federal Emergency Management Agency for costs incurred during management and cleanup after the disaster. Closeout process is currently underway and the County foresees no difficulty or conflict involving full reimbursement of costs.

One of the brightest notes to mention is that St. Clair County expects to see two long-term debts retired within the next 6 years. They are the Honda development funding and the 2005 Gas Tax Warrant which is set to end in 6 years. Another long-term debt coming off the county books was the loan to purchase the multi-purpose arena property. The debt amount, along with ownership of the property, is being assumed by the St. Clair County Public Park and Recreation Board prior to Feb. 1, 2013.

As a final note, after review by financial services company Standard & Poor's, the County is still in good standing and maintains a rating of AA-.

This Page Intentionally Blank

Basic Financial Statements

Statement of Net Assets
September 30, 2011

		Governmental Activities
Assets		
Cash and Cash Equivalents	$	15,203,180.91
Cash with Fiscal Agent		246,960.43
Accounts Receivable		164,088.85
Ad Valorem Taxes Receivable		7,163,490.51
Sales Tax Receivable		528,635.12
Accrued Interest Receivable		1,871.45
Due From Other Governments		1,873,346.27
Notes Receivable (Note 13)		6,483,553.09
Deferred Charges - Issuance Costs		699,797.72
Capital Assets (Note 5):		
Nondepreciable		9,773,183.42
Depreciable, Net		29,596,416.02
Total Assets		71,734,523.79
Liabilities		
Accounts Payable		609,367.70
Deferred Revenue		7,669,776.53
Accrued Wages Payable		435,585.83
Accrued Interest Payable		277,505.34
Long-Term Liabilities:		
Portion Payable Within One Year:		
Warrants Payable		1,235,000.00
Less: Unamortized Discount		(1,948.64)
Add: Unamortized Premium		13,596.96
Less: Deferred Loss on Refunding		(19,901.70)
Obligation Under Funding Agreement		118,739.90
Notes Payable		106,819.29
Portion Payable After One Year:		
Warrants Payable		34,795,000.00
Less: Unamortized Discount		(15,622.54)
Add: Unamortized Premium		232,003.47
Less: Deferred Loss on Refunding		(119,932.95)
Obligation Under Funding Agreement		394,991.92
Notes Payable		339,693.86
Estimated Liability for Compensated Absences		2,150,720.75
Other Post Employment Benefits Payable		2,251,227.00
Total Liabilities	$	50,472,622.72

The accompanying Notes to the Financial Statements are an integral part of this statement.

		Governmental Activities
Net Assets		
Invested in Capital Assets, Net of Related Debt	$	26,176,056.72
Restricted for:		
Road Projects		1,807,758.53
Other Purposes		1,052,500.80
Unrestricted		(7,774,414.98)
Total Net Assets	$	21,261,901.07

Statement of Activities
For the Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary Government			
Governmental Activities:			
General Government	$ 8,648,984.11	$ 2,346,398.11	$ 1,257,974.64
Public Safety	13,064,738.23	1,960,834.86	1,535,473.91
Highways and Roads	5,603,686.89	55,942.59	3,127,764.99
Sanitation	6,190.32	198,869.26	
Health	12,325,496.21		9,181.52
Welfare	90,661.00		
Culture and Recreation	130,341.29		
Education	132,000.00		
Intergovernmental	92,098.24		
Interest on Long-Term Debt	1,320,192.56		
Total Governmental Activities	$ 41,414,388.85	$ 4,562,044.82	$ 5,930,395.06

General Revenues:

Taxes:

Property Taxes for General Purposes

Property Taxes for Specific Purposes

General Sales Tax

Miscellaneous Taxes

Grants and Contributions Not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Gain on Disposition of Capital Assets

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year

Net Assets - End of Year

The accompanying Notes to the Financial Statements are an integral part of this statement.

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets Total Governmental Activities
$	$ (5,044,611.36)
5,000.00	(9,563,429.46)
	(2,419,979.31)
	192,678.94
	(12,316,314.69)
	(90,661.00)
	(130,341.29)
	(132,000.00)
	(92,098.24)
	(1,320,192.56)
$ 5,000.00	(30,916,948.97)
	4,550,639.99
	3,779,363.31
	6,329,029.67
	1,021,060.47
	574,756.22
	88,850.81
	1,872,215.89
	147,518.27
	18,363,434.63
	(12,553,514.34)
	33,815,415.41
	$ 21,261,901.07

Balance Sheet
Governmental Funds
September 30, 2011

	General Fund	Reappraisal Fund
Assets		
Cash and Cash Equivalents	$ 7,488,723.84	$ 202,508.40
Cash with Fiscal Agent		
Accounts Receivable	118,382.64	
Ad Valorem Taxes Receivable	5,689,250.15	1,474,240.36
Sales Tax Receivable	528,635.12	
Accrued Interest Receivable	1,871.45	
Due From Other Funds	555,356.71	
Due From Other Governments	875,479.66	59,134.00
Notes Receivable (Note 13)	75,600.00	
Total Assets	15,333,299.57	1,735,882.76
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	122,041.70	68,860.24
Due To Other Funds	8,489.06	1,010.14
Deferred Revenue	6,022,616.83	1,631,713.30
Accrued Wages Payable	295,544.19	34,299.08
Total Liabilities	6,448,691.78	1,735,882.76
Fund Balances		
Nonspendable:		
Notes Receivable	75,600.00	
Restricted for:		
Juvenile Programs and Expenses Related to Juvenile Court		
County Road System Construction, Maintenance and Repair		
Road and Bridge Resurfacing, Repair and Rehabilitation		
Courthouse Renovation and Road, Bridge, Water and Sewer Improvements		
Other Purposes		
Assigned to:		
Capital Projects and Capital Improvements	2,357,316.44	
County Road System Construction, Maintenance and Repair		
Other Purposes	201,796.13	
Unassigned	6,249,895.22	
Total Fund Balances	8,884,607.79	
Total Liabilities and Fund Balances	$ 15,333,299.57	$ 1,735,882.76

The accompanying Notes to the Financial Statements are an integral part of this statement.

St. Vincent's St. Clair Hospital Fund	Ashville Courthouse Renovation Fund	Other Governmental Funds	Total Governmental Funds
$	$ 3,148,018.97	$ 4,363,929.70	$ 15,203,180.91
		246,960.43	246,960.43
		45,706.21	164,088.85
			7,163,490.51
			528,635.12
			1,871.45
		11,335.74	566,692.45
		938,732.61	1,873,346.27
			75,600.00
	3,148,018.97	5,606,664.69	25,823,865.99
	14,359.50	404,106.26	609,367.70
		557,193.25	566,692.45
		15,446.40	7,669,776.53
		105,742.56	435,585.83
	14,359.50	1,082,488.47	9,281,422.51
			75,600.00
		734,461.17	734,461.17
		553,219.99	553,219.99
		422,162.06	422,162.06
	3,109,922.64		3,109,922.64
		1,214,584.52	1,214,584.52
			2,357,316.44
		1,384,230.25	1,384,230.25
	23,736.83	215,518.23	441,051.19
			6,249,895.22
	3,133,659.47	4,524,176.22	16,542,443.48
$	$ 3,148,018.97	$ 5,606,664.69	$ 25,823,865.99

This Page Intentionally Blank

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
September 30, 2011

Total Fund Balances - Governmental Funds (Exhibit 3)			$ 16,542,443.48
Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds (Note 5).			
Nondepreciable		$ 9,773,183.42	
Depreciable, Net		29,596,416.02	
Total			39,369,599.44
Deferred issuance costs are reported as current expenditures in the funds. However, deferred issuance costs are amortized over the life of the bonds and are included in the governmental activities in the Statement of Net Assets.			699,797.72
All notes receivables are not due and payable in the current period and, therefore are not reported as notes receivables in the funds.			6,407,953.09
Certain liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities at year-end consist of:			
	Portion Due or Payable Within One Year	Portion Due or Payable After One Year	
Accrued Interest Payable	$ 277,505.34	$	
Warrants Payable	1,235,000.00	34,795,000.00	
Unamortized Discount	(1,948.64)	(15,622.54)	
Unamortized Premium	13,596.96	232,003.47	
Deferred Loss on Refunding	(19,901.70)	(119,932.95)	
Obligation Under Funding Agreement	118,739.90	394,991.92	
Notes Payable	106,819.29	339,693.86	
Estimated Liability for Compensated Absences		2,150,720.75	
Other Post Employment Benefits Payable		2,251,227.00	
Total Long-Term Liabilities	$ 1,729,811.15	$ 40,028,081.51	(41,757,892.66)
Total Net Assets - Governmental Activities (Exhibit 1)			$ 21,261,901.07

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2011

	General Fund	Reappraisal Fund
Revenues		
Taxes	$ 14,036,835.92	$ 1,630,276.25
Licenses and Permits	125,114.86	
Intergovernmental	1,167,661.00	325,278.00
Charges for Services	2,929,518.90	35.25
Miscellaneous	359,657.95	6,944.90
Total Revenues	18,618,788.63	1,962,534.40
Expenditures		
Current:		
General Government	5,632,272.42	1,903,474.40
Public Safety	8,883,362.93	
Highways and Roads	8,528.50	
Health	432,612.60	
Welfare	90,661.00	
Culture and Recreation	105,410.15	
Education	132,000.00	
Intergovernmental	92,098.24	
Capital Outlay	844,774.88	59,060.00
Debt Service:		
Principal Retirement		
Interest and Fiscal Charges	2,887.50	
Debt Issuance Costs		
Total Expenditures	16,224,608.22	1,962,534.40
Excess (Deficiency) of Revenues Over Expenditures	2,394,180.41	
Other Financing Sources (Uses)		
Transfers In		
Sale of Capital Assets	436,662.77	
Debt Issued		
Premiums on Debt Issued		
Transfers Out	(3,615,890.87)	
Total Other Financing Sources (Uses)	(3,179,228.10)	
Net Changes in Fund Balances	(785,047.69)	
Fund Balances - Beginning of Year, as Restated (Note 15)	9,669,655.48	
Fund Balances - End of Year	$ 8,884,607.79	$

The accompanying Notes to the Financial Statements are an integral part of this statement.

	St. Vincent's St. Clair Hospital Fund	Ashville Courthouse Renovation Fund	Other Governmental Funds	Total Governmental Funds
	$	$	$ 12,981.27	$ 15,680,093.44
			116,662.50	241,777.36
			5,017,212.28	6,510,151.28
			1,390,713.31	4,320,267.46
	37,656.91	6,448.59	1,591,958.35	2,002,666.70
	37,656.91	6,448.59	8,129,527.71	28,754,956.24
			431,344.27	7,967,091.09
			3,012,236.44	11,895,599.37
			4,952,268.57	4,960,797.07
	11,838,773.46			12,271,386.06
				90,661.00
			9,052.98	114,463.13
				132,000.00
				92,098.24
		677,650.32	4,832,938.44	6,414,423.64
			1,011,735.92	1,011,735.92
			1,226,092.35	1,228,979.85
	274,425.00		19,029.00	293,454.00
	12,113,198.46	677,650.32	15,494,697.97	46,472,689.37
	(12,075,541.55)	(671,201.73)	(7,365,170.26)	(17,717,733.13)
		23,736.83	3,592,154.04	3,615,890.87
			4,800.00	441,462.77
	11,850,000.00		4,000,000.00	15,850,000.00
	225,541.55			225,541.55
				(3,615,890.87)
	12,075,541.55	23,736.83	7,596,954.04	16,517,004.32
		(647,464.90)	231,783.78	(1,200,728.81)
		3,781,124.37	4,292,392.44	17,743,172.29
	$	$ 3,133,659.47	$ 4,524,176.22	$ 16,542,443.48

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2011

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5)	$	(1,200,728.81)
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay ($6,414,423.64) differed from depreciation ($1,724,991.86) in the current period.		4,689,431.78
Proceeds from the issuance of debt are reported as financing sources in governmental funds and thus contribute to the change in fund balance. Issuing long-term debt increases liabilities in the Statement of Net Assets but does not affect the Statement of Activities.		(15,850,000.00)
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities.		1,011,735.92
Issuance costs on debt issued are recorded as expenditures in the governmental funds, but are deferred and amortized in the Statement of Activities.		293,454.00
Premiums on debt issued are reported as other financing sources in the governmental funds, but are amortized in the Statement of Activities.		(225,541.55)
In the Statement of Activities, only the gain on the sale of capital assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital asset sold.		(293,944.50)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This includes the following:

Increase in Estimated Liability for Compensated Absences	$	(31,828.45)	
Increase in Accrued Interest Payable		(82,064.32)	
Increase in Other Post Employment Benefits Payable		(765,285.00)	
Amortization of Issuance Costs		(47,995.02)	
Amortization of Deferred Amounts on Refunding		(19,901.70)	
Amortization of Discount		(1,948.64)	
Amortization of Premium		12,701.95	
Total			(936,321.18)

In the Statement of Revenues, Expenditures and Changes in Fund Balance, revenues that are associated with Notes Receivable are recorded on the modified accrual basis of accounting when they are both measurable and available. In the Statement of Activities, revenues are recorded when earned based on the accrual basis using the economic resources measurement focus.		(41,600.00)
Change in Net Assets of Governmental Activities (Exhibit 2)	$	(12,553,514.34)

Statement of Fiduciary Net Assets
September 30, 2011

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and Cash Equivalents	$ 1,875,852.91	$ 105,849.72
Due from Other Governments	35,084.67	49,935.18
Capital Assets, Net (Note 5)	14,885.98	
Total Assets	1,925,823.56	155,784.90
Liabilities		
Due to Original Property Owner	1,367,295.63	
Accounts Payable	3,428.57	
Due to Other Governments		155,784.90
Total Liabilities	1,370,724.20	$ 155,784.90
Net Assets		
Invested in Capital Assets	14,885.98	
Held in Trust for Other Purposes	540,213.38	
Total Net Assets	$ 555,099.36	

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Assets
For the Year Ended September 30, 2011

	Private-Purpose Trust Funds
Additions	
Contributions from:	
State and Local Governments	$ 98,061.07
Fees	372,145.77
Miscellaneous	93,208.92
Total Additions	563,415.76
Deductions	
Administrative Expenses	478,462.95
Depreciation	7,499.69
Total Deductions	485,962.64
Changes in Net Assets	77,453.12
Net Assets - Beginning of Year	477,646.24
Net Assets - End of Year	$ 555,099.36

The accompanying Notes to the Financial Statements are an integral part of this statement.

Note 1 – Summary of Significant Accounting Policies

The financial statements of the St. Clair County Commission (the "Commission") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The Commission is a general purpose local government governed by separately elected commissioners. Generally accepted accounting principles (GAAP) require that the financial statements present the Commission (the primary government) and its component units. Component units are legally separate entities for which a primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the application of the above criteria, there are no component units which should be included as part of the financial reporting entity of the Commission.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Commission. These statements include the financial activities of the primary government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Commission does not allocate indirect expenses to the various functions. Program revenues include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Commission's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds in the other governmental funds' column.

The Commission reports the following major governmental funds:

- ***General Fund*** – The general fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily received revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission. Employee dental insurance is also accounted for in the General Fund as well as the following sub-funds: Contingent, Capital Improvement, Capital Improvement Water, East Central Alabama Industrial Development Authority, Coosa Valley Water Supply District General Obligation Warrant Proceeds, and the Operations Center Funds. This fund also is used to account for the expenditures of special county property taxes for building and maintaining public buildings, roads and bridges.

- ***Reappraisal Fund*** – This fund is used to account for the expenditures of special county property taxes for the reappraisal of real property located in the County.

- ***St. Vincent's St. Clair Hospital Fund*** – This fund is used to account for the expenditures of the proceeds from the 2010 General Obligation Warrants for a portion of the amount the County agreed to contribute to the construction and development of a new hospital facility to be owned by the St. Clair County Health Care Authority.

- ***Ashville Courthouse Renovation Fund*** – This fund is used to account for the expenditures of the proceeds from the 2008 General Obligation Warrants for the renovation of the Ashville Courthouse and road, bridge, water and sewer improvements.

The Commission reports the following fund types in the Other Governmental Funds' column:

Governmental Fund Types

- ***Special Revenue Funds*** – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

- ***Debt Service Funds*** **–** These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and for the accumulation of resources for principal and interest payments maturing in future years.

The Commission reports the following fiduciary fund types:

Fiduciary Fund Types

- ***Private-Purpose Trust Funds*** **–** These funds are used to report all trust agreements under which principal and income benefit individuals, private organizations, or other governments.

- ***Agency Funds*** **–** These funds are used to report assets held by the Commission in a purely custodial capacity. The Commission collects these assets and transfers them to the proper individual, private organizations, or other government.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. General long-term debt issued and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Commission funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Commission's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

D. Assets, Liabilities, and Net Assets/Fund Balances

1. Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County Commission to invest in obligations of the U. S. Treasury and securities of federal agencies and certificates of deposit.

Investments are reported at fair value, based on quoted market prices, except for money market investments and repurchase agreements, which are reported at amortized cost. The Commission reports all money market investments – U. S. Treasury bills and bankers' acceptances having a remaining maturity at time of purchase of one year or less – at amortized cost.

2. Receivables

Sales tax receivables are based on the amounts collected within 60 days after year-end. Sales tax receivables consist of taxes that have been paid by consumers in September. This tax is normally remitted to the Commission within the next 60 days.

Millage rates for property taxes are levied at the first regular meeting of the Commission in February of each year. Property taxes are assessed for property as of October 1 of the preceding year based on the millage rates established by the County Commission. Property taxes are due and payable the following October 1 and are delinquent after December 31. Amounts receivable, net of estimated refunds and estimated uncollectible amounts, are recorded for the property taxes levied in the current year. However, since the amounts are not available to fund current year operations, the revenue is deferred and recognized in the subsequent fiscal year when the taxes are both due and collectible and available to fund operations.

Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects. Receivables also include various licenses, taxes, and fees collected and not yet remitted to the Commission and amounts due for housing the inmates of various cities in the County.

Accounts receivable include fees from a privately owned landfill and from various telephone companies for E-911 services.

3. Restricted Assets

Certain general obligation and special revenue bonds as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Cash held by the fiscal agent is considered restricted.

4. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, water and sewer systems, and similar items), are reported in the government-wide financial statements. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed.

Depreciation on all assets is provided on the straight-line basis over the assets estimated useful life. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings and Improvements	$ 50,000	20 – 50 years
Equipment and Furniture	$ 5,000	5 – 10 years
Infrastructure – Roads	$250,000	20 years
Infrastructure – Bridges	$ 50,000	40 years

The majority of governmental activities infrastructure assets are roads and bridges. The Association of County Engineers has determined that due to the climate and materials used in road construction, the base of the roads in the county will not deteriorate and therefore should not be depreciated. The remaining part of the roads, the surface, will deteriorate and will be depreciated. The entire costs of bridges in the county will be depreciated.

5. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond/Warrant premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds/Warrants payable are reported net of the applicable bond/warrant premium or discount. Bond/Warrant issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Compensated Absences

The Commission has a standard leave policy for its full-time employees as to sick and annual leave.

Annual Leave

After completing a 90 day probationary period, employees earn annual leave as follows:

Upon initial eligibility	4 hours each pay period
After 5 years	5 hours each pay period
After 10 years	6 hours each pay period
After 15 years	7 hours each pay period
After 20 years	8 hours each pay period

Unused annual leave in excess of 30 days at the end of any calendar year shall be forfeited. Employees may carry forward to the next calendar year 30 days or less in leave. Upon separation or termination, employees are paid, up to maximum for annual leave. Leave time paid upon termination or resignation, including retirement, must be taken in a lump-sum payment.

Sick Leave

Sick leave benefits are available to employees who have completed the 90 day probationary period. Employees earn four hours of leave every biweekly pay period to a maximum of 1200 hours. Sick leave days do not carryover or accumulate beyond the maximum and employees receive no monetary payment for sick leave credits. Unused sick leave up to 600 hours shall be paid upon death or retirement of an eligible county employee. Sick leave may be converted to retirement service credit.

The Commission uses the termination method to accrue its sick leave liability. Under this method an accrual for earned sick leave is made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

7. Net Assets/Fund Equity

Net assets are reported on the government-wide financial statements and are required to be classified for accounting and reporting purposes into the following net asset categories:

- ***Invested in Capital Assets, Net of Related Debt*** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Any significant unspent related debt proceeds at year-end related to capital assets are not included in this calculation.

- ***Restricted*** **–** Constraints imposed on net assets by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.

- ***Unrestricted*** **–** Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Commission.

Fund balance is reported in governmental funds in the fund financial statements. Fund balances of governmental funds are reported in classifications to indicate the level of constraint on the use of the fund balances. Those classifications and associated constraints are as follows:

- ***Nonspendable*** **–** Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained in-tact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include: inventories, prepaid items, and long-term receivables.

- ***Restricted*** – Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by grantors, contributors or enabling legislation and are generally held in Special Revenue Funds.

- ***Committed*** – Committed funds balances consist of amounts that are subject to purpose constraint imposed by formal action of the Commission. Amendments or modifications of the committed fund balance must also be approved by formal action of the Commission.

- ***Assigned*** – Assigned fund balances consist of amounts that are intended to be used by the Commission for specific purposes. The Commission has delegated authority to the Chairman or County Administrator to make a determination of the assigned amounts of fund balance.

- ***Unassigned*** – Unassigned fund balances include all spendable amounts not contained in the other classifications. The unassigned balance may only be appropriated by resolution of the County Commission.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Note 2 – Stewardship, Compliance, and Accountability

Budgets

Budgets are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP) for the General Fund with the exception of motor vehicle ad valorem taxes, which are budgeted only to the extent expected to be collected rather than on the modified accrual basis of accounting. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all other governmental funds. Capital projects funds adopt project-length budgets. All appropriations lapse at fiscal year-end.

The present statutory basis for county budgeting operations is the County Financial Control Act of 1935, as amended by Act Number 2007-488, Acts of Alabama. According to the terms of the law, at some meeting in September of each year, but in any event not later than October 1, the Commission must estimate the anticipated revenues, estimated expenditures and appropriations for the respective amounts that are to be used for each of such purposes. The appropriations must not exceed the total revenues available for appropriation plus any balances on hand. Expenditures may not legally exceed appropriations.

Budgets may be adjusted during the fiscal year when approved by the County Commission. Any changes must be within the revenues and reserves estimated to be available.

Note 3 – Deposits and Investments

A. Deposits

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Commission will not be able to cover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Commission's deposits at year-end were entirely covered by federal depository insurance or by the Security for Alabama Funds Enhancement Program (SAFE Program). The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the ***Code of Alabama 1975***, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

B. Investments of the Fiscal Agent

The ***Code of Alabama 1975***, Section 11-8-11 and Section 11-81-20, authorizes the Commission to invest in obligations of the U. S. Treasury and federal agency securities along with certain pre-refunded public obligation such as bonds or other obligations of any state of the United States of America or any agency, instrumentality or local governmental unit of any such state.

As of September 30, 2011, the Commission's cash with fiscal agent was invested as follows:

Investment Type	Fair Value	Investment Maturity
Federated U. S. Treasury Cash Reserves Fund	$246,960.02	Varies
Fidelity Institutional Treasury Only	0.41	Varies
Totals	$246,960.43	

The investment policy approved by the Commission on February 14, 2006, applies primarily to non-fiscal agent deposits, all of which were properly categorized as cash or cash equivalents at September 30, 2011.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Commission's investment policy limits the Commission's investments to maturities of less than one year.

Credit Risk – State law requires that pre-refunded public obligations, such as any bonds or other obligations of any state of the United States of America or of any agency instrumentality or local governmental unit of any such state that the Commission invests in be rated in the highest rating category of Standard & Poor's Corporation and Moody's Investors Service, Inc. The Commission has no formal policy regarding credit risk. As of September 30, 2011, the Commission's investments in money market funds were rated "AAA" by Standard & Poor's Corporation.

Custodial Credit Risk – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to cover the value of its investments or collateral securities that are in the possession of an outside party. The Commission does not have a formal investment policy that limits the amount of securities that can be held by counterparties. However, the Commission's deposits with Federated U. S. Treasury Cash Reserves Funds and Fidelity Institutional Treasury Only Funds do not involve this type of risk as "counterparties" relate to "swap" transactions which are not allowable under the bond covenants.

Concentrations of Credit Risk **–** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Commission does not have a formal policy that limits the amount the Commission may invest in any one issuer.

Note 4 – Deferred Revenues

Governmental funds report deferred revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At September 30, 2011, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Ad Valorem Taxes	$7,045,240.36	$451,616.83
Grant Drawdowns Prior to Meeting All Eligibility Requirements		15,446.40
Reappraisal Maintenance		157,472.94
Total Deferred/Unearned Revenue for Governmental Funds	$7,045,240.36	$624,536.17

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2011, was as follows:

	Balance 10/01/2010	Additions	Retirements	Balance 09/30/2011
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 1,800,350.50	$ 808,640.00	$	$ 2,608,990.50
Construction in Progress	6,486,542.60	677,650.32		7,164,192.92
Total Capital Assets, Not Being Depreciated	8,286,893.10	1,486,290.32		9,773,183.42
Capital Assets Being Depreciated:				
Buildings and Improvements	16,318,631.78	3,191,360.00		19,509,991.78
Construction Equipment	3,028,999.76	766,739.56	(589,823.00)	3,205,916.32
Equipment and Furniture	8,855,589.60	970,033.76	(217,205.58)	9,608,417.78
Infrastructure	11,794,953.18			11,794,953.18
Total Capital Assets, Being Depreciated	39,998,174.32	4,928,133.32	(807,028.58)	44,119,279.06
Less Accumulated Depreciation for:				
Buildings and Improvements	(5,010,213.00)	(433,014.67)		(5,443,227.67)
Construction Equipment	(1,381,357.27)	(254,438.91)	295,878.50	(1,339,917.68)
Equipment and Furniture	(5,144,337.53)	(941,042.78)	217,205.58	(5,868,174.73)
Infrastructure	(1,775,047.46)	(96,495.50)		(1,871,542.96)
Total Accumulated Depreciation	(13,310,955.26)	(1,724,991.86)	513,084.08	(14,522,863.04)
Total Capital Assets, Being Depreciated, Net	26,687,219.06	3,203,141.46	(293,944.50)	29,596,416.02
Total Governmental Activities Capital Assets, Net	$ 34,974,112.16	$ 4,689,431.78	$(293,944.50)	$ 39,369,599.44

	Balance 10/01/2010	Additions	Retirements	Balance 09/30/2011
Fiduciary Funds:				
Capital Assets, Being Depreciated:				
Equipment and Furniture	$106,116.45	$ 5,899.00	$	$112,015.45
Total Capital Assets, Being Depreciated	106,116.45	5,899.00		112,015.45
Less Accumulated Depreciation For:				
Equipment and Furniture	(89,629.78)	(7,499.69)		(97,129.47)
Total Capital Assets, Being Depreciated, Net	16,486.67	(1,600.69)		14,885.98
Total Fiduciary Funds Capital Assets, Net	$ 16,486.67	$(1,600.69)	$	$ 14,885.98

Depreciation expense was charged to functions/programs of the primary government as follows:

	Current Year Depreciation Expense
Governmental Activities:	
General Government	$ 407,381.56
Public Safety	754,132.50
Highway and Roads	507,314.44
Health	40,285.20
Culture/Recreation	15,878.16
Total Depreciation Expense – Governmental Activities	$1,724,991.86

	Current Year Depreciation Expense
Fiduciary Funds:	
Depreciation	$7,499.69

Note 6 – Defined Benefit Pension Plan

A. Plan Description

The Commission contributes to the Employees' Retirement System of Alabama, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for the various state agencies and departments.

Substantially all employees of the Commission are members of the Employees' Retirement System of Alabama. Membership is mandatory for covered or eligible employees of the Commission. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method which yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, and (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death are provided to plan members.

The Employees' Retirement System was established as of October 1, 1945, under the provisions of Act Number 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for State employees, State police, and on an elective basis to all cities, counties, towns and quasi-public organizations. The responsibility for general administration and operation of the Employees' Retirement System is vested in the Board of Control. Benefit provisions are established by the ***Code of Alabama 1975***, Sections 36-27-1 through 36-27-103, as amended, Sections 36-27-120 through 36-27-139, as amended, and Sections 36-27B-1 through 36-27B-6. Authority to amend the plan rests with the Legislature of Alabama. However, the Legislature has granted the Commission authority to accept or reject various Cost-Of-Living-Adjustments (COLAs) granted to retirees.

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Employees' Retirement System of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

B. Funding Policy

Employees of the Commission, with the exception of full-time law enforcement officers, are required by statute to contribute 5 percent of their salary to the Employees' Retirement System. As of January 1, 2001, full-time law enforcement officers are required by statute to contribute 6 percent of their salary to the Employees' Retirement System. The Commission is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. The contribution requirements of the Commission are established by the Employees' Retirement System based on annual actuarial valuations. The employer's contribution rate for the year ended September 30, 2011 was 11.63 percent based on the actuarial valuation performed as of September 30, 2008.

C. Annual Pension Cost

For the year ended September 30, 2011, the Commission's annual pension cost of $1,045,808 was equal to the Commission's required and actual contribution. The required contribution was determined using the "entry age normal" method. The actuarial assumptions as of September 30, 2010, the latest actuarial valuation date, were: (a) 8 percent investment rate of return on present and future assets, and (b) projected salary increases ranging from 7.75 percent at age 20 to 4.61 percent at age 65. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of September 30, 2010 was 30 years.

The following is three-year trend information for the Commission:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/2011	$1,045,808	100%	$0
09/30/2010	$ 972,888	100%	$0
09/30/2009	$ 945,066	100%	$0

D. Funded Status and Funding Progress

As of September 30, 2010, the most recent actuarial valuation date, the plan was 64.6 percent funded. The actuarial accrued liability for benefits was $28,171,397 and the actuarial value of assets was $18,198,577, resulting in an unfunded actuarial accrued liability (UAAL) of $9,972,820. The covered payroll (annual payroll of active employees covered by the plan) was $8,607,589, and the ratio of the UAAL to the covered payroll was 115.9 percent.

The Schedule of Funding Progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 7 – Other Postemployment Benefits (OPEB)

A. Plan Description

The St. Clair County Commission provides a single-employer defined benefit medical insurance plan for eligible retirees and their spouses. The medical insurance plan covers both active and retired members. The ***Code of Alabama 1975***, Sections 11-91-1 through 11-91-8, gives authority to the Commission to establish and amend benefit provisions. The plan does not issue a stand-alone financial report.

B. Funding Policy

The Commission's contributions were on a pay-as-you-go basis as of September 30, 2011. The County pays for continuing health benefits for eligible County employees under the County's health benefit plan. A retiree with 25 years of service will have health insurance paid by the County for 10 years or until age 65 whichever comes first. A retiree with 30 years of service will have health insurance provided until age 65. Eligible retirees will have 100% of their medical and prescription benefits paid for by the County. Medical, drug, and vision benefits are offered for pre-Medicare retirees. For fiscal year 2011, the Commission contributed $317,732.01 to cover approximately 22 participants.

Retired employees also may elect to participate in a dental insurance plan in which the full cost of coverage is paid by the retiree.

C. Annual OPEB Cost

For fiscal year 2011, the Commission's annual other postemployment benefit (OPEB) cost (expense) for medical insurance was $765,285. The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/2011	$765,285	0%	$2,251,227
09/30/2010	$742,971	0%	$1,485,942
09/30/2009	$742,971	0%	$ 742,971

D. Funded Status and Funding Progress

The funding status of the plan as of September 30, 2011, was as follows:

Actuarial Accrued Liability (AAL)	$8,131,304
Actuarial Value of Plan Assets	$0
Unfunded Actuarial Accrued Liability (UAAL)	$8,131,304
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.0%
Covered Payroll (Active Plan Members)	$8,214,746
UAAL as a Percentage of Covered Payroll	98.98%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will in future years present multiyear trend information that will show whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used was the projected unit credit method. The actuarial assumptions included a 4.0 percent investment return assumption (or discount rate) and an annual healthcare cost trend rate of 10.5 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after ten years. It was assumed that 100 percent of future retirees would elect medical insurance coverage and 75 percent of retirees electing coverage who have spouses would elect spousal coverage. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open period. The unfunded actuarial accrued liability (UAAL) is being amortized over 30 years.

Note 8 – Contingent Liabilities

Under the provisions of Act Number 79-357, Acts of Alabama, a sheriff is eligible to become a supernumerary sheriff upon retirement after sixteen (16) years of service credit as a law enforcement officer, twelve (12) of which have been as a sheriff, and who has attained the age of fifty-five (55) years. The St. Clair County Sheriff, who has elected to participate in this retirement plan, makes monthly contributions out of his salary as required by law. The Commission has a responsibility to properly manage these funds in order to provide the necessary monthly payments to the Sheriff when he retires. Should the Sheriff decide to withdraw from the plan for whatever reason, the Commission is obligated to refund the Sheriff's total contribution which at September 30, 2011 amounted to $51,918.15.

During the 2007 fiscal year, the County entered into a debt guarantee agreement with the City of Leeds and the City of Moody. In the agreement, the County guarantees 25% of certain General Obligation Warrants, Series 2006 issued by the City of Leeds if the tax revenues generated by the Bass Pro Shop are not sufficient to pay the debt service.

During the 2010 fiscal year, the County entered into a debt guarantee agreement with the Coosa Valley Water Supply District, Incorporation. In the agreement, the County guarantees 25% of certain General Obligation Warrants, Series 2009 issued by the Coosa Valley Water Supply District, Incorporation if the revenues generated by the sale of water are not sufficient to pay the debt service.

The Commission is a defendant in various lawsuits. Management is unable to predict the outcome of the litigation, but believes it has strong grounds upon which to defend these proceedings. Accordingly, no provisions for possible loss, if any, are included in the financial statements.

Note 9 – Long-Term Debt

In November 1999, Gasoline Tax Anticipation Warrants were issued to restore, resurface and rehabilitate roads in the County. These warrants are to be repaid with funds received from the State four-cent gasoline tax. In 2005, warrants were issued to refund the 1999 warrants and to obtain funds to be used for road resurfacing. The interest rate on these warrants varied from 2.7 percent to 4 percent.

In August 2006, the Commission issued General Obligation Warrants, Series 2006, in the amount of $3,090,000 to finance the Coosa Valley Water Supply District's upgrades to water system facilities and to finance capital outlays of the county. The interest rate on these warrants is 4 percent.

In December 2007, the Commission issued General Obligation Refunding Issues, Series 2007-A, in the amount of $6,635,000 to refund General Obligation Warrants, Series 1998. The interest rates on these warrants range from 3.75 to 4 percent.

In December 2008, the Commission issued General Obligation Warrants, Series 2008, in the amount of $10,000,000 to finance the renovation of the Ashville Courthouse and road, bridge, water, and sewer improvements.

In November 2010, the Commission issued General Obligation Warrants, Series 2010, in the amount of $11,850,000.00 to provide a portion of the amount the County has agreed to contribute to the construction and development of a new hospital facility to be owned by the St. Clair County Health Care Authority. The interest rates on these warrants range from 2 to 4 percent. Pursuant a Development Agreement entered into by the County, St. Clair Health Care Authority, St. Vincent's Health System, St. Vincent's St. Clair, LLC and the City of Pell City, hospital lease revenues received by the Authority must be paid to the County to enable the County to make debt service on the Warrants. In addition, the City of Pell City has agreed to pay to the County an amount equal to the lessor of (i) $50,000 per year or (ii) one-half of the debt service of Warrants. The County is not obligated to use the payments received from the Authority and the City of Pell City to pay debt service on the Warrants.

In July 2011, the Commission issued General Obligation Warrants in the amount of $4,000,000.00 for the purpose of financing the cost of acquiring certain public facilities. The interest rate on these warrants is 3.1 percent.

In July 2002, the East Central Alabama Industrial Development Authority issued bonds to provide funding for certain improvements to the Honda project site in Lincoln, Alabama. The Commission entered into a funding agreement with several other entities to provide a source of payment of the bonds at a 5 percent interest rate.

In July 2010, the Commission purchased 25.84 acres of land to establish a Horse Arena. The interest rate on the note payable is 2.85 percent per annum.

The following is a summary of long-term debt transactions for the Commission for the year ended September 30, 2011:

	Debt Outstanding October 1, 2010	Issued/ Increased	Repaid/ Decreased	Debt Outstanding September 30, 2011	Amounts Due Within One Year
Governmental Activities:					
Warrants Payable:					
General Obligation Warrants	$18,360,000.00	$15,850,000.00	$ (570,000.00)	$33,640,000.00	$1,005,000.00
Gas Tax Warrants	2,615,000.00		(225,000.00)	2,390,000.00	230,000.00
Total Warrants Payable	20,975,000.00	15,850,000.00	(795,000.00)	36,030,000.00	1,235,000.00
Plus: Unamortized Premium	32,760.83	225,541.55	(12,701.95)	245,600.43	13,596.96
Less: Unamortized Discount	(19,519.82)		1,948.64	(17,571.18)	(1,948.64)
Less: Deferred Loss on Refunding	(159,736.35)		19,901.70	(139,834.65)	(19,901.70)
Warrants Payable, Net	20,828,504.66	16,075,541.55	(785,851.61)	36,118,194.60	1,226,746.62
Other Liabilities:					
Obligation Under Funding Agreement	626,655.89		(112,924.07)	513,731.82	118,739.90
Long-Term Note Payable	550,325.00		(103,811.85)	446,513.15	106,819.29
Estimated Liability for Compensated Absences	2,118,892.30	31,828.45		2,150,720.75	
Estimated Liability for Other Postemployment Benefits	1,485,942.00	765,285.00		2,251,227.00	
Total Other Liabilities	4,781,815.19	797,113.45	(216,735.92)	5,362,192.72	225,559.19
Total Governmental Activities Long-Term Liabilities	$25,610,319.85	$16,872,655.00	$(1,002,587.53)	$41,480,387.32	$1,452,305.81

Payments on the general obligation warrants payable and the funding agreement are made by the General Fund and Debt Service Funds. The Gasoline Tax Anticipation Warrants are paid by RRR Gasoline Tax Fund. The long-term note payable is paid by the General Fund.

The compensated absences liability will be liquidated by various governmental funds. The current compensated absences liability will be liquidated by the General Fund.

The following is a schedule of debt service requirements to maturity:

	General Obligation Warrants Payable		Gasoline Tax Warrants Payable	
Fiscal Year Ending	Principal	Interest	Principal	Interest
September 30, 2012	$ 1,005,000.00	$ 1,308,841.25	$ 230,000.00	$ 83,005.00
2013	5,040,000.00	1,277,497.50	235,000.00	75,506.25
2014	1,075,000.00	1,121,091.25	245,000.00	67,583.75
2015	440,000.00	386,000.00	255,000.00	59,081.25
2016	450,000.00	377,200.00	265,000.00	49,912.50
2017-2021	6,645,000.00	4,889,290.00	1,160,000.00	93,601.25
2022-2026	8,670,000.00	3,409,245.00		
2027-2031	9,520,000.00	1,211,550.00		
2032	795,000.00	31,800.00		
Totals	$33,640,000.00	$14,012,515.00	$2,390,000.00	$428,690.00

Bond Issuance Costs, Deferred Loss on Refunding, Discounts and Premiums

The Commission has issuance costs as well as discounts and deferred loss on refunding in connection with the issuance of its 2005 Gasoline Tax Anticipation Warrants which are being amortized using the straight-line method over a period of 14 years and nine months.

The Commission has issuance costs and premiums in connection with the issuance of its 2006 General Obligation Warrants which are being amortized using the straight-line method over a period of 15 years.

The Commission has issuance costs as well as premiums and deferred loss on refunding in connection with the issuance of its 2007-A General Obligation Refunding Warrants which are being amortized using the straight-line method over a period of 14 years and eight months.

The Commission has issuance costs and discounts in connection with the issuance of its 2008 General Obligation Warrants which are being amortized using the straight-line method over a period of 19 years.

The Commission has issuance costs and premiums in connection with the issuance of its 2010 General Obligation Warrants which are being amortized using the straight-line method over a period of 21 years.

Obligation Under Funding Agreement		Long-Term Note Payable		Total Principal and Interest
Principal	Interest	Principal	Interest	Requirements
$118,739.90	$27,191.44	$106,819.29	$11,522.67	$ 2,891,119.55
125,040.39	21,076.33	109,979.47	8,362.49	6,892,462.43
131,340.87	14,511.71	113,199.84	5,142.12	2,772,869.54
138,610.66	7,484.98	116,514.55	1,827.45	1,404,518.89
				1,142,112.50
				12,787,891.25
				12,079,245.00
				10,731,550.00
				826,800.00
$513,731.82	$70,264.46	$446,513.15	$26,854.73	$51,528,569.16

The Commission has issuance costs in connection with the issuance of its 2011 General Obligation Warrants which are being amortized using the straight-line method over a period of two years.

	Issuance Costs	Deferred Loss on Refunding	Discount	Premium
Total Issuance Costs, Deferred Loss on Refunding, Discount and Premium	$ 558,306.02	$238,936.24	$29,216.20	$ 42,250.25
Amount Amortized Prior Years	(103,967.28)	(79,199.89)	(9,696.38)	(9,489.42)
Balance, October 1, 2010	454,338.74	159,736.35	19,519.82	32,760.83
Current Year Additions	293,454.00			225,541.55
Current Year Amortized	(47,995.02)	(19,901.70)	(1,948.64)	(12,701.95)
Balance Issuance Costs, Deferred Loss on Refunding, Discount and Premium	$ 699,797.72	$139,834.65	$17,571.18	$245,600.43

Pledged Revenues

The Commission issued Series 2005 Gasoline Tax Anticipation Refunding Warrants for the purpose of refunding the Series 1999 Gasoline Tax Anticipation Warrants and to obtain funds to be used for road resurfacing. The Commission pledged to repay the gasoline tax anticipation warrants from the County's portion of the proceeds of the four-cent gasoline tax levied by the State of Alabama. Future revenues of $2,818,690.00 are pledged to repay the principal and interest on the warrants as of September 30, 2011. Proceeds of the four-cent gasoline tax in the amount of $732,560.41 were received by the Commission during the fiscal year ended September 30, 2011, of which $315,922.50 was used to pay principal and interest on the warrants. The Series 2005 Gasoline Tax Anticipation Refunding warrants will mature in fiscal year 2020.

Note 10 – Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission has general liability insurance through the Association of County Commissions of Alabama (ACCA) Liability Self Insurance Fund, a public entity risk pool. The Fund is self-sustaining through member contributions. The Commission pays an annual premium based on the Commission's individual claims experience and the experience of the Fund as a whole. Coverage is provided up to $500,000 per claim for a maximum total coverage of $2,000,000 and unlimited defense costs. Employment-related practices damage protection is limited to $100,000 per incident with a $5,000 deductible and unlimited defense costs. County specific coverages and limits can be added by endorsement.

The Commission has workers' compensation insurance through the Association of County Commissions of Alabama (ACCA) Workers' Compensation Self Insurance Fund, a public entity risk pool. The premium level for the fund is calculated to adequately cover the anticipated losses and expenses of the Fund. Fund rates are calculated for each job class based on the current NCCI Alabama loss costs and a loss cost modifier to meet the required premiums of the Fund. Member premiums are then calculated on a rate per $100 of estimated remuneration for each job class, which is adjusted by an experience modifier for the individual county. The Commission may qualify for additional discounts based on losses and premium size. Pool participants are eligible to receive refunds of unused premiums and the related investment earnings.

The Commission purchases commercial insurance for its other risks of loss, including buildings and contents insurance for all properties, employee dishonesty insurance, and employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Commission is self-insured with regard to employee dental insurance. The Administrative Services Agreement between the Commission and Blue Cross and Blue Shield of Alabama requires the Commission to deposit a monthly fee to cover the costs of claims incurred during the previous month. The maximum employee benefit is $1,200.00 per employee per calendar year. Employees are personally liable for any additional costs.

The schedule below presents the changes in claims liabilities for the current and previous two years for employee dental insurance:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2008-2009	$18,466.12	$147,025.37	$156,390.94	$ 9,100.55
2009-2010	$ 9,100.55	$141,115.03	$137,789.99	$12,425.59
2010-2011	$12,425.59	$145,675.49	$143,219.53	$14,881.55

Note 11 – Interfund Transactions

Due To/From Other Funds

The amounts due to/from other funds at September 30, 2011, were as follows:

	Due From Other Funds		
	General Fund	Other Governmental Funds	Total
Due To Other Funds:			
General Fund	$	$ 8,489.06	$ 8,489.06
Reappraisal Fund	1,010.14		1,010.14
Other Governmental Funds	554,346.57	2,846.68	557,193.25
Total	$555,356.71	$11,335.74	$566,692.45

Interfund Transfers

The amounts of interfund transfers during the fiscal year ending September 30, 2011, were as follows:

	Transfers Out General Fund
Transfers In:	
Ashville Courthouse Renovation Fund	$ 23,736.83
Other Governmental Funds	3,592,154.04
Totals	$3,615,890.87

The Commission typically used transfers to fund ongoing operating subsidies and to transfer the portion from the General Fund to the Debt Service Funds to service current-year debt requirements.

Note 12 – Related Organizations

A majority of the board members of the Cook Springs Water Authority; New London Water Sewer and Fire Protection Authority; Wolf Creek Water, Sewer and Fire Protection Authority; St. Clair County Library Board; St. Clair County Mental Retardation Development and Disabilities Board; St. Clair County Historical Development Commission; St. Clair County Department of Human Resources Board of Directors; St. Clair County Public Park and Recreation Board; St. Clair County Industrial Development Board; and the St. Clair County Health Care Authority are appointed by the St. Clair County Commission. The County, however, is not financially accountable, because it does not impose its will and have a financial benefit or burden relationship, for any of these agencies and the agencies are not considered part of the Commission's financial reporting entity. These agencies are considered related organizations of the County Commission.

Note 13 – Notes Receivable

The County has made loans to various governmental entities for the purposes of economic development, sewer/improvement projects, and other capital improvements. The majority of the loans are to be repaid after the sale of development property. The remaining loans are to be repaid over a three to ten year period. A total of $6,483,553.09 was outstanding at September 30, 2011. Of this amount, $75,600.00 is due and payable in the next year.

Note 14 – Cooperative District Agreement

During the 2007 fiscal year, the County entered in to a debt guarantee and revenue sharing agreement with the City of Leeds and the City of Moody. The agreement requires that the tax revenue received from Bass Pro Shops, Inc., to be shared among the parties in exchange for sharing in the guarantee of certain General Obligation Warrants, Series 2006 issued by the City of Leeds. The revenue sharing and debt guarantee are divided 50% to the City of Leeds, 25% to the City of Moody, and 25% to the County. The tax revenue received from Bass Pro Shops, Inc., is to be used to service the debt until all principal and interest payments have been made, after which, the tax revenues will be shared according to the agreement.

Pursuant to the Fifth Amended and Restated Development and Cooperative Agreement and Related Agreements, payment of the Series 2006-A Warrants is guaranteed first by the sales tax revenues generated by the Bass Pro Shops (BPS) Outdoor World Store located on the BPS Project site, second by BPS pursuant to a corporate guaranty, and third by Leeds (50%), Moody (25%), and St. Clair County (25%).

Payment of the Series 2006-C Warrants is to be paid from sales tax revenues generated from the Ancillary Commercial Development; provided, that if the sales tax revenues generated from the Ancillary Commercial Development are insufficient to pay the debt service on the 2006-C Warrants, the debt service is to be paid by Leeds (50%), Moody (25%), and St. Clair County (25%).

Note 15 – Restatements of Fund Balances

In order to comply with the requirements of GASB Statement Number 54, certain funds were combined for presentation of the Commissions financial statements for the fiscal year ended September 30, 2011.

The impact of the restatements on the fund balances as previously reported is as follows:

	General Fund	Gasoline Tax Fund	Public Buildings, Roads and Bridges Fund
Fund Balance, September 30, 2010, as Previously Reported:	$8,201,978.14	$ 964,892.98	$ 1,467,677.34
Fund Restatements:			
GASB 54 Restatements			
Public Buildings, Roads and Bridges Fund	1,467,677.34		(1,467,677.34)
Major Fund Reclassifications			
Gasoline Tax Fund		(964,892.98)	
Fund Balance, September 30, 2010, as Restated	$9,669,655.48	$	$

Note 16 – Subsequent Events

On November 29, 2011, the Sixth Amended and Restated Cooperative Agreement was entered into which released the County from any obligation or rights to pay under the existing Fifth Amended and Restated Development and Cooperative Agreement and provided for them to receive a stated sum as full and complete payment of all amounts owed to them in respect of the Existing Cooperative District Agreement.

Reappraisal Fund	Ashville Courthouse Renovation Fund	Other Governmental Funds	Total Governmental Funds
$	$3,781,124.37	$3,327,499.46	$17,743,172.29
		964,892.98	
$	$3,781,124.37	$4,292,392.44	$17,743,172.29

This Page Intentionally Blank

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Taxes	$ 11,270,948.60	$ 11,270,948.60	$ 11,786,891.47
Licenses and Permits	126,760.00	126,760.00	125,114.86
Intergovernmental	477,546.00	482,546.00	1,143,486.92
Charges for Services	2,803,617.00	2,803,617.00	2,929,518.90
Miscellaneous	285,510.00	285,510.00	353,963.88
Total Revenues	14,964,381.60	14,969,381.60	16,338,976.03
Expenditures			
Current:			
General Government	5,889,865.87	5,902,629.85	5,632,272.42
Public Safety	9,555,076.47	10,140,918.47	8,883,362.93
Highways and Roads	22,859.00	26,387.50	3,528.50
Sanitation	40,000.00	40,000.00	
Health	503,177.00	661,502.00	432,612.60
Welfare	91,661.00	91,661.00	90,661.00
Culture and Recreation	87,380.00	112,885.00	105,410.15
Education	132,295.00	132,295.00	132,000.00
Capital Outlay	226,100.00	223,788.00	149,688.00
Intergovernmental	84,566.00	94,566.00	92,098.24
Debt Service:			
Interest and Fiscal Charges	2,300.00	2,300.00	2,887.50
Total Expenditures	16,635,280.34	17,428,932.82	15,524,521.34
Excess (Deficiency) of Revenues Over Expenditures	(1,670,898.74)	(2,459,551.22)	814,454.69
Other Financing Sources (Uses)			
Transfers In	1,183,109.29	1,183,109.29	
Sale of Capital Assets			18,377.77
Transfers Out	(1,679,762.53)	(2,014,007.29)	(1,410,296.66)
Total Other Financing Sources (Uses)	(496,653.24)	(830,898.00)	(1,391,918.89)
Net Change in Fund Balances	(2,167,551.98)	(3,290,449.22)	(577,464.20)
Fund Balances - Beginning of Year	9,796,299.53	9,258,665.59	8,456,572.86
Fund Balances - End of Year	$ 7,628,747.55	$ 5,968,216.37	$ 7,879,108.66

	Budget to GAAP Differences	Actual Amounts GAAP Basis
(1) (2)	$ 2,249,944.45	$ 14,036,835.92
		125,114.86
(2)	24,174.08	1,167,661.00
		2,929,518.90
(2)	5,694.07	359,657.95
	2,279,812.60	18,618,788.63
		5,632,272.42
		8,883,362.93
(3)	(5,000.00)	8,528.50
		432,612.60
		90,661.00
		105,410.15
		132,000.00
(3)	(695,086.88)	844,774.88
		92,098.24
		2,887.50
	(700,086.88)	16,224,608.22
	1,579,725.72	2,394,180.41
(4)	418,285.00	436,662.77
(4)	(2,205,594.21)	(3,615,890.87)
	(1,787,309.21)	(3,179,228.10)
	(207,583.49)	(785,047.69)
(5)	1,213,082.62	9,669,655.48
	$ 1,005,499.13	$ 8,884,607.79

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund For the Year Ended September 30, 2011

Explanation of differences between Actual Amounts on Budgetary Basis and Actual Amounts GAAP Basis:

The Commission budgets on the modified accrual basis of accounting except as shown below:

(1) The Commission recognizes motor vehicle ad valorem taxes as they are received without regard to when they are earned.

Some amounts are combined with the General Fund for reporting purposed, but are budgeted separately.

(2) Revenues:
Public Building Roads and Bridges Fund

(3) Expenditures:
Public Building Roads and Bridges Fund

(4) Other Financing Sources/(Uses), Net:
Public Buildings, Roads and Bridges Fund

Net Decrease in Fund Balance - Budget to GAAP

(5) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Commission's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because of the effect of transactions such as those described above.

$	(49,142.68)
	2,328,955.28
	(700,086.88)
	(1,787,309.21)
$	(207,583.49)

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Reappraisal Fund
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Revenues			
Taxes	$ 1,787,749.19	$ 1,787,749.19	$ 1,630,276.25
Intergovernmental		325,220.00	325,278.00
Charges for Services	50.41	50.41	35.25
Miscellaneous	5,000.00	5,000.00	6,944.90
Total Revenues	1,792,799.60	2,118,019.60	1,962,534.40
Expenditures			
Current:			
General Government	1,736,536.60	2,038,959.60	1,903,474.40
Capital Outlay	56,263.00	79,060.00	59,060.00
Total Expenditures	1,792,799.60	2,118,019.60	1,962,534.40
Fund Balances - Beginning of Year			
Fund Balances - End of Year	$	$	$

Budget to GAAP Differences	Actual Amounts GAAP Basis
$	$ 1,630,276.25
	325,278.00
	35.25
	6,944.90
	1,962,534.40
	1,903,474.40
	59,060.00
	1,962,534.40
$	$

This Page Intentionally Blank

Schedule of Funding Progress
Defined Benefit Pension Plan
For the Year Ended September 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)**	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
09/30/2010***	$18,198,577*	$28,171,397	$9,972,820	64.60%	$8,607,589	115.90%
09/30/2009	$18,071,641	$26,865,046	$8,793,405	67.30%	$8,298,779	106.00%
09/30/2008	$17,820,554	$24,910,821	$7,090,267	71.50%	$7,846,066	90.40%

* Market Value of Assets as of September 30, 2010: $15,236,747.
** Reflects liability for cost of living benefit increases granted before October 1, 1978.
*** Reflects the impact of Act 2011-27, which closes the DROP program to new applicants after March 24, 2011.

Schedule of Funding Progress
Other Postemployment Benefits
For the Year Ended September 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
09/30/2010	$0	$8,131,304	$8,131,304	0%	$8,214,746	98.98%
09/30/2008	$0	$8,132,269	$8,132,269	0%	$7,424,143	109.54%

Supplementary Information

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
U. S. Department of Interior		
Direct Program		
Payments in Lieu of Taxes	15.226	N/A
Passed Through Alabama Department of		
Economic and Community Affairs		
U. S. Geological Survey - Research and Data Collection	15.808	11 OWR SCCC
Total U. S. Department of Interior		
U. S. Department of Justice		
Direct Program		
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Grants to Units of Local Governments	16.804	N/A
U. S. Department of Transportation		
Passed Through Alabama Department of Transportation		
ARRA - Formula Grants for Other Than Urbanized Areas	20.509	N/A
ARRA - Formula Grants for Other Than Urbanized Areas	20.509	N/A
Formula Grants for Other Than Urbanized Areas	20.509	N/A
Sub-Total Formula Grants for Other Than Urbanized Areas (M)		
Passed Through Alabama Department of Senior Services		
Job Access_Reverse Commute	20.516	N/A
Total U. S. Department of Transportation		
U. S. Department of Energy		
Passed Through Alabama Department of		
Economic and Community Affairs		
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	1ARRA EECBG 31
U. S. Department of Health and Human Services		
Passed Through the Alabama Department of Public Health		
Public Health Emergency Preparedness	93.069	3UP0TP416978-10W1
Sub-Total Forward		

Assistance Period	Budget Total	Budget Federal Share	Revenue Recognized	Expenditures
10/01/2010-09/30/2011	$ 194.00	$ 194.00	$ 194.00	$ 194.00
06/01/2011-05/31/2012	59,134.00	59,134.00	59,134.00	59,134.00
	59,328.00	59,328.00	59,328.00	59,328.00
03/01/2009-02/28/2013	40,496.00	40,496.00	25,049.60	25,049.60
03/09/2009-12/31/2012	160,938.00	160,938.00	17,998.00	17,998.00
10/01/2010-09/30/2011	263,690.00	263,690.00	263,690.00	263,690.00
10/01/2010-09/30/2011	168,498.00	168,498.00	124,592.00	124,592.00
	593,126.00	593,126.00	406,280.00	406,280.00
10/01/2010-09/30/2011	38,000.00	38,000.00	3,479.46	3,479.46
	631,126.00	631,126.00	409,759.46	409,759.46
01/01/2010-06/30/2012	17,182.46	17,182.46	15,345.93	15,345.93
08/10/2010-08/09/2011	20,000.00	20,000.00	20,000.00	20,000.00
	$ 768,132.46	$ 768,132.46	$ 529,482.99	$ 529,482.99

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
Sub-Total Brought Forward		
U. S. Department of Homeland Security		
Passed Through Alabama Emergency Management Agency		
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (M)	97.036	FEMA-1971-DR-AL
Chemical Stockpile Emergency Preparedness Program (M)	97.040	N/A
Emergency Management Performance Grants	97.042	1EMF
Emergency Management Performance Grants	97.042	0EMS
Sub-Total Emergency Management Performance Grants		
Passed Through Alabama Department of Economic and Community Affairs		
Cooperating Technical Partners	97.045	10 OWR SCCC
Passed Through Alabama Department of Homeland Security		
Homeland Security Grant Program	97.067	0SHL
Homeland Security Grant Program	97.067	8SHL
Homeland Security Grant Program	97.067	9SHL
Sub-Total Homeland Security Grant Program		
Total U. S. Department of Homeland Security		
Total Expenditures of Federal Awards		

(M) = Major Program
N/A = Not Applicable or Not Available

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Assistance Period	Budget Total	Budget Federal Share	Revenue Recognized	Expenditures
	$ 768,132.46	$ 768,132.46	$ 529,482.99	$ 529,482.99
04/15/2011-09/30/2011	721,365.22	721,365.22	546,446.74	546,446.74
10/01/2009-09/30/2011	3,360,553.00	3,360,553.00	880,039.49	880,039.49
10/01/2010-09/30/2011	48,652.00	48,652.00	48,652.00	48,652.00
10/01/2010-09/30/2011	11,753.00	11,753.00	11,753.00	11,753.00
	60,405.00	60,405.00	60,405.00	60,405.00
01/14/2011-09/30/2011	225,652.00	225,652.00	225,652.00	225,652.00
09/13/2010-07/31/2012	82,000.00	82,000.00	82,000.00	82,000.00
10/01/2008-03/31/2011	129,115.00	129,115.00	14,674.96	14,674.96
08/01/2009-12/31/2011	105,658.00	105,658.00	47,350.00	47,350.00
	316,773.00	316,773.00	144,024.96	144,024.96
	4,684,748.22	4,684,748.22	1,856,568.19	1,856,568.19
	$ 5,452,880.68	$ 5,452,880.68	$ 2,386,051.18	$ 2,386,051.18

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the St. Clair County Commission and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the primary government financial statements.

Additional Information

Commission Members and Administrative Personnel
October 1, 2010 through September 30, 2011

Commission Members		**Term Expires**
Hon. Stanley D. Batemon	Chairman	2014
Hon. Jeff Brown	Member	2014
Hon. Kenneth L. Crowe	Member	2012
Hon. Paul Manning	Member	2012
Hon. James S. (Jimmy) Roberts	Member	2012

Administrative Personnel

Ms. Kellie L. Graff	Administrator/Treasurer

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Clair County Commission as of and for the year ended September 30, 2011, which collectively comprise the St. Clair County Commission's basic financial statements and have issued our report thereon dated March 12, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the St. Clair County Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the St. Clair County Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Clair County Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the St. Clair County Commission's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Clair County Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under ***Government Auditing Standards***.

This report is intended solely for the information and use of management, members of the St. Clair County Commission, the County Administrator, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

March 12, 2013

Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Independent Auditor's Report

Compliance

We have audited the St. Clair County Commission's compliance with the types of compliance requirements described in the ***OMB Circular A-133 Compliance Supplement*** that could have a direct and material effect on each of the St. Clair County Commission's major federal programs for the year ended September 30, 2011. The St. Clair County Commission's major federal programs are identified in the Summary of Examiner's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the St. Clair County Commission's management. Our responsibility is to express an opinion on the St. Clair County Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States; and OMB Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the St. Clair County Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the St. Clair County Commission's compliance with those requirements.

In our opinion, the St. Clair County Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

Internal Control Over Compliance

Management of the St. Clair County Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the St. Clair County Commission's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the St. Clair County Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

This report is intended solely for the information and use of management, members of the St. Clair County Commission, the County Administrator, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

March 12, 2013

Section I – Summary of Examiner's Results

Financial Statements

Type of opinion issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	__X__ No
Significant deficiency(ies) identified?	______ Yes	__X__ None reported
Noncompliance material to financial statements noted?	______ Yes	__X__ No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	______ Yes	__X__ No
Significant deficiency(ies) identified?	______ Yes	__X__ None reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	______ Yes	__X__ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.509	Formula Grants for Other Than Urbanized Areas
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.040	Chemical Stockpile Emergency Preparedness Program

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000	
Auditee qualified as low-risk auditee?	______ Yes	__X__ No

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2011

Section II – Financial Statement Findings (GAGAS)

Ref. No.	Type of Finding	Finding/Noncompliance	Questioned Costs
		No matters were reportable.	

Section III – Federal Awards Findings and Questioned Costs

Ref. No.	CFDA No.	Program	Finding/Noncompliance	Questioned Costs
			No matters were reportable.	